

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

February 4, 2002

IN RE:)	
)	
BELLSOUTH TELECOMMUNICATIONS, INC.)	DOCKET NO.
TARIFF TO INTRODUCE PRIMARY RATE)	01-00162
VOICE/DATA ISDN PROMOTION)	

**ORDER AMENDING AND APPROVING
TARIFF NO. 01-00162**

This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on March 20, 2001, for consideration of BellSouth Telecommunications, Inc. ("BellSouth") Tariff to Introduce Primary Rate Voice/Data ISDN¹ Promotion (the "Tariff"). BellSouth filed this promotional Tariff on February 20, 2001 with a proposed effective date of March 22, 2001. The promotion provides reduced monthly recurring rates for Primary Rate ISDN ("PRI") tariff term plans and waives installation charges for qualifying customers who avail themselves of the promotional offer between March 22, 2001 and June 22, 2001.

To qualify for the promotion, customers must purchase between four (4) and two hundred (200) PRI circuits. Additionally, customers must acknowledge competitive alternatives before BellSouth will offer the promotional rates. Customers must agree to either a 24-month or 36-month term plan to participate in the promotion.

As originally filed, the Tariff contained termination provisions which imposed greater liability on the customer than the termination provisions set forth in the proposed amendment to

¹ Primary Rate ISDN (Integrated Services Digital Network) service supports the simultaneous transmission of voice, data, and packet services on the same exchange access line.

the rules regarding the approval of contract service arrangements ("CSAs")² or the notification letter which BellSouth is required to provide to CSA customers and upon which the approval of a CSA is conditioned.³ On March 19, 2001, BellSouth filed revisions to the Tariff, which modified the termination liability provisions of the Tariff by including a prorated amount of any waived or discounted non-recurring charges.⁴

This Tariff raised concern that the competitive alternative requirement could result in discrimination in pricing among similarly situated customers. At the Authority Conference on March 20, 2001, counsel for BellSouth explained that the Tariff is intended to be a response to competition in areas where the customer has a competitive alternative and that it is not BellSouth's intent to make the promotion available if the customer does not acknowledge such or if, in fact, there are no competitive alternatives.⁵ According to BellSouth, under the Tariff as filed, a customer would acknowledge, by way of signing the contract, that it had competitive alternatives. According to BellSouth, any similarly situated customer could avail itself of this Tariff and these additional discounts. BellSouth stated that it would administer the Tariff in a nondiscriminatory manner so that anyone who met the qualifications in the Tariff could get the discounts.

BellSouth further acknowledged that its modification to the termination provisions of the

² See, Docket No. 00-00702, *In re: Rulemaking Proceeding - Regulations for Term Arrangements for Telecommunications Services*. Docket No. 00-00702 is a rulemaking proceeding in which the Authority has proposed guidelines to regulate termination provisions in tariff term plans and contract service arrangements (CSAs), through amending Authority Rule 1220-4-2-.59.

³ In Docket No. 00-00720, the Authority approved a CSA contingent upon BellSouth notifying the customer of certain termination liability limitations. See *BellSouth Telecommunications Inc.'s Tariff for Contract Service Arrangement (MS99-8999-00)*, *Order Granting Approval of BellSouth Contract Service Arrangement (MS99-8999-00)*, pp. 3-4 (filed December 4, 2000). BellSouth agreed during the October 24, 2000 Authority Conference that it would send the notice to the customer upon approval of the CSA by the Authority. See Transcript of Proceeding, October 24, 2000, p. 15 (Authority Conference).

⁴ See, Letter from Paul Stinson to Authority dated March 19, 2001, filing revised Tariff pages.

⁵ BellSouth maintained that competition for this particular service, primary rate ISDN service, is more widespread. Still there are probably some areas of the state where only BellSouth is offering this product. See, Transcript of Proceeding, March 20, 2001, pp. 10, 13 (Authority Conference).

Tariff would have the effect of limiting its recovery, in the event of early termination by the customer, to the lesser of the amount of the discount over the previous twelve (12) months or six percent (6%) of the total contract amount.

Upon inquiry by the Directors, BellSouth acknowledged that the Tariff would be offered in the areas where there was competition and that there would be some selected rural areas where the Tariff would not apply. According to BellSouth, the Tariff would not be discriminatory because the customers who are located in certain wire centers where there are competitive alternatives would not be similarly situated to those customers serviced by wire centers where no alternative services of this type are available.

The Directors voted unanimously to amend the Tariff by striking the competitive alternative requirement and directed BellSouth to provide a letter to the Authority identifying either those areas in which there are competitive alternatives or those areas in which no competitive alternatives exist. BellSouth agreed that should the Authority, upon review of the filing, determine that there is competition in an area which BellSouth has listed as not having competitive alternatives, BellSouth will not contest the Authority's determination and will make the promotion available in that area. The Directors voted two to one to approve the Tariff, as amended, including the termination provisions as revised by BellSouth on March 19, 2001.⁶

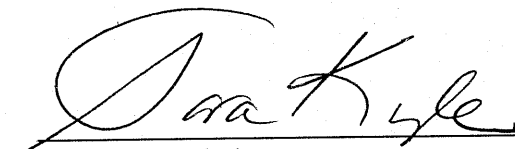
IT IS THEREFORE ORDERED THAT:

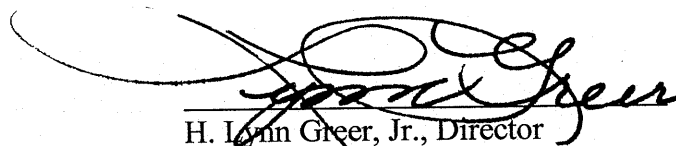
1. BellSouth Telecommunications, Inc. Tariff to Introduce Primary Rate Voice/Data ISDN Promotion is approved as amended herein.

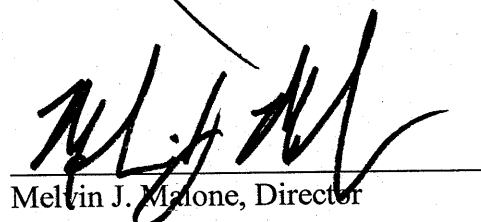
⁶ Director Malone moved that the Tariff's termination provisions be modified to reduce the six percent (6%) termination liability cap to a three percent (3%) cap. In his opinion, a cap of three percent (3%) is consistent with the purpose of the termination clause and further, no substantive basis for the six percent (6%) cap has been offered. Director Malone's motion did not receive a second. Director Malone supported the Tariff as amended during the Conference but did not vote in favor of approving the Tariff because of its termination provisions.

2. BellSouth Telecommunications, Inc. shall file with the Authority, not later than 4:00 p.m. on March 20, 2001, a list of either all wire centers in which BellSouth contends that competitive alternatives exist or in which BellSouth contends that there are no competitive alternatives.

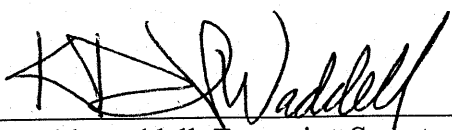
3. BellSouth will make the promotional tariff available to customers in any additional wire centers in which the Authority, after reviewing BellSouth's list of wire centers, determines that a competitive alternative exists.⁷


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary

⁷ On March 20, 2001, BellSouth filed a letter with the Authority stating that it was withdrawing the competitive alternative restriction from the Tariff and making the Tariff available on a statewide basis effective March 22, 2001.